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ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE UNITED NATIONS PEACE-KEEPING OPERATIONS

Report of the Advisory Committee on Administrative and Budgetary Questions

1. At its special summer session of 1993, the Advisory Committee on Administrative and Budgetary Questions considered the reports of the Secretary-General on the financing of the United Nations Transitional Authority in Cambodia (UNTAC) (A/47/733/Add.1), the United Nations Observer Mission in El Salvador (ONUSAL) (A/47/751/Add.1), the United Nations Operation in Somalia (UNOSOM) (A/47/916/Add.1), the United Nations Operation in Mozambique (ONUMOZ) (A/47/969), the United Nations Protection Force (UNPROFOR) (A/47/741/Add.1 and Corr.1) and the United Nations Iraq-Kuwait Observation Mission (UNIKOM) (A/47/637/Add.1 and Corr.1). The Committee's observations and recommendations thereon are being issued in documents A/47/982-987.*

2. The consideration by the Advisory Committee of the reports of the Secretary-General on the financing of those and other missions has elicited a number of general observations and recommendations which pertain to most, if not all, peace-keeping operations and are set out below.

3. The reports of the Secretary-General on the financing of peace-keeping operations contain information on financial performance, and budget projections. The Committee appreciates that preparing these reports is a difficult task, all the more so in view of the multiplicity and complexity of peace-keeping operations. However, the Committee believes that the presentation needs to be improved and that the time has come for a different type of report which would provide more evaluation and analysis in terms of the major items of expenditure. For example, it serves little purpose for the performance report to include a statement to the effect that savings for one sub-item were partially offset by increased expenditure under another sub-item if the changes are not substantiated and justified.

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* See annex for a list of Committee reports cited in the present report.

4. In this connection, the Committee states once again that the performance reports on peace-keeping operations should contain the proposed and actual staffing table, indicating the number of troops, military observers, police monitors, international civilian and local personnel and international contractual personnel at all levels, including the related vacancy rates, the proposed deployment schedule compared to the actual dates of arrival of staff in the mission area and delays in troop-months or work-days and the related savings or overexpenditures (see A/47/763, para. 24). The Committee further notes that temporary staff are part of the establishment of a peace-keeping operation and should be listed in the staffing table on a monthly basis (see A/46/773, para. 14).

5. The Committee points out that any deployment of military and police personnel in the mission area of an operation over and above the strength and mandate period authorized by the Security Council should be reported to the Council prior to inclusion in the related cost estimates (see A/46/904, para. 13).

6. The Committee further points out that the proposed establishment of new posts, in particular at the senior level, should be well justified in the Secretary-General's reports on the financing of peace-keeping operations, containing a description of the functional responsibilities of new posts in the context of the overall structure of the mission. In this connection, the Committee is of the view that there is a need for a clear statement of the rationale for the establishment of posts at the Assistant Secretary-General and Under-Secretary-General levels.

7. Along the same lines, requests for additional requirements such as salaries, allowances, travel, transportation, air operations, communication, equipment and services should be clearly presented and justified in terms of resources, taking into account previous performance, developments on the ground and new mandates. For example, changes in air operations should be specified in the performance report and in the cost estimates for proposed extensions, indicating the planned and actual scope of operations in the mission area, number and type of aircraft, date of actual deployment, flying hours, hire/charter costs, ground handling and allowances for air crew. In this connection, the Committee reiterates its recommendation that the Secretary-General's reports on the financing of peace-keeping operations should contain detailed organigrams of the structure of the operation with the main functions of the personnel, specification of all units and identification of their location on a map in the mission area, a breakdown of premises per unit with an indication of capacity, the allocation of vehicles in the various units and areas, narratives and charts on the functioning of communications systems, distribution of communications, office and other equipment, calculation of travel costs and a list of contingent-owned equipment (see A/46/893, para. 29).

8. The Committee discussed these issues with the representatives of the Secretary-General. The Committee points to the need to limit the volume of documentation; it is of the view that a revamped and concise format for such reports with less narrative text and more tables and graphics, substantiating the financial performance and estimates, would be of more value, not only to the Advisory Committee but also to all Member States (see also para. 3 above).

9. The reports of the Secretary-General on the financing of peace-keeping operations should also include an improved presentation of voluntary contributions, so that, in particular, the value of a voluntary contribution in respect of an item which has been budgeted for can be clearly set off against the total budget, the balance of which is appropriated. Moreover, in keeping with the Committee's previous recommendations, all requirements should be fully costed on the same basis whether they are to be supplied through voluntary contributions or the budgetary process. A clear differentiation between what is a voluntary contribution and what constitutes part of a host country's obligation is also necessary, as defined by the relevant status-of-forces agreement.

10. In this connection, the Committee points out that there is a need to define clearly the role of assessed budgets for humanitarian and development activities. The Committee is of the view that the Secretary-General's reports should specify the activities such as mine-clearing, establishment of assembly areas and repair or construction of roads which relate directly to an operation and which should be financed through assessment; however, any activities with regard to the long-term rehabilitation and reconstruction of a country would be financed from other sources (see A/47/763, paras. 34 and 52). The Committee therefore requests that the Secretary-General provide a clearer definition of the short-term humanitarian requirements of a mission and the long-term needs with a view to achieving greater consistency in the proposed financing of those activities. In addition, the Committee believes that information on trust funds set up for financing humanitarian activities relevant to the budget of a peace-keeping operation should also be provided.

11. In recent years the Committee has made a number of general observations and recommendations with a view to enhancing the efficiency and cost-effectiveness of peace-keeping operations and reducing the substantial costs of the increasing number of large operations. The Committee is of the view that there is a need for follow-up and appropriate action. In this connection, the Committee recalls its recommendation (A/45/801, para. 33) that in the case of operations with a large civilian component, it would be useful for the Secretary-General to request Member States to provide additional qualified civilian personnel to carry out non-core functions in view of the overall programmatic and budgetary considerations, thus reducing the costs of large peace-keeping operations and containing the use of the limited resources of the Secretariat. The Committee urges the Secretary-General to implement this recommendation for technical and non-technical personnel in case of particularly large operations (see A/46/893, para. 17; A/46/904, para. 18; A/46/945, para. 21). The Committee has pointed out that nothing should prevent the Secretary-General from approaching Member States on a preliminary basis in anticipation of launching an operation and prior to budget approval (see A/46/916, para. 25).

12. In view of the Secretary-General's continued difficulties in obtaining suitable civilian police monitors for peace-keeping operations and the resulting long delays in their deployment which undermine the success of the missions, the Committee is of the view that appropriate measures need to be taken to initiate their selection and appropriate training at an earlier date and to expedite their full deployment as scheduled.

13. The Committee has noted that in several instances the Secretary-General has used New York standards for the calculation of staff costs and related requirements. This practice should be reviewed by the Secretary-General so as to ensure that the lowest standard costs appropriate to the operational area will be used.

14. The Committee understands that a considerable number of staff in peace-keeping operations are detailed from posts financed from the regular budget. The Committee points out that, to the extent that these individuals are not replaced, there will be potential cost savings under the regular budget.

15. The Committee is of the view that, pursuant to General Assembly resolutions 44/192 of 21 December 1989 and 45/258 of 3 May 1991, the Secretary-General should establish standard procedures governing the provision of civilian personnel by Member States for peace-keeping operations, including volunteers. To this end, the Committee reiterates its recommendation that the Secretary-General should develop specific guidelines for participation by the civilian personnel provided by Governments along the lines of those guidelines which are issued for election and police monitors (see A/46/916, para. 24). The Committee also notes the significant number of international General Service staff employed in peace-keeping operations. It believes that greater efforts should be made to recruit such personnel locally.

16. The Committee stresses the need for adequate training of administrative personnel serving in peace-keeping operations, especially in the areas of financial control, procurement and personnel administration. Moreover, the Committee believes that the existing financial controls in peace-keeping operations should be fully exercised at the earliest possible time after the commencement of a mission. In this connection, there is a need to strengthen the functions of internal audit, evaluation, investigation and management advisory service in missions to ensure compliance with the existing statutory provisions and the accountability of administrative personnel.

17. With regard to the provision of consultants and experts for technical and other assistance, the Committee believes it is possible that a major part of these functions could be performed by the civilian establishment of large operations to achieve maximum economy in this area (see A/46/904, para. 17).

18. As regards international contractual personnel, the Committee is of the view that certain aspects of this approach need to be brought to the attention of the General Assembly, including whether their rates of pay should reflect primarily their country of recruitment or the quality of the service delivered, due regard being paid to compliance with the principle of equal pay for equal work and safeguards against the possibility of abuse and the exploitation of vulnerable groups by contractors.

19. Considering the positive experience with volunteers in election monitoring as a cost-effective and efficient contribution to peace-keeping, the Committee reiterates its recommendation that the use of volunteers in peace-keeping operations should be expanded. In addition, their terms and conditions of service should incorporate appropriate cover for death and disability.

20. The Committee has observed in a number of operations that the mission subsistence allowance provided to all international civilian personnel, military observers and civilian police monitors is substantially higher than the daily subsistence allowance rates established by the International Civil Service Commission. The Committee believes that there are anomalies in the determination and application of those rates and therefore requests a review of the methodology for the determination of the rates and their application (see A/46/893, para. 11; A/46/945, para. 14; A/47/900, para. 15).

21. In this connection, the Committee observed that in a large number of operations the mission subsistence allowance increased rapidly, owing to large rent increases in the mission area, which are often inflated and result in substantial additional costs. The Committee recommends that the Secretary-General explore questions related to the economic impact of a peace-keeping operation on a particular area of operation with a view to minimizing the disruptive effect on both the United Nations and the local economy.

22. The Committee was of the view that in a number of operations the estimated costs for air travel of military and civilian personnel to and from the mission area are high and that account should consistently be taken of the potential for savings through group travel and other economy measures. In this connection, the Committee reiterates its view that travel of all military contingents to and from the mission area by air charter may not always be required, except in the case of early emplacement, and travel by surface transport for rotation and repatriation of troops to nearby countries should be considered, where practical and more economical (see A/46/893, para. 13).

23. The Committee recalls that in a number of operations the host country does not provide premises for the mission and accommodation for the staff without cost to the mission or, where applicable, water, electricity and other facilities free of charge or at the most favourable rates pursuant to its obligations under the model status-of-forces agreement (A/45/594, annex). The Committee has made numerous recommendations on this matter (see A/45/1021, para. 14; A/46/893, paras. 19-22; A/46/904, para. 20; A/46/945, paras. 13 and 25; A/47/900, para. 21), but often the Secretary-General has indicated in his reports that his continued efforts with the host country have not been successful and the mission is required to rent premises and accommodation for staff at high market rates. The Secretary-General should endeavour to settle these problems in the context of his negotiations with host countries on the status-of-forces agreement.

24. At the same time, the Committee points out that the budgets of some operations were in fact inflated by the inclusion of substantial provision for prefabricated units for accommodation which were not required. The Committee believes that prefabricated units for accommodation of staff should be provided only if there is a definite need established by means of an initial survey in the mission area, and taking into account the availability of housing and the potential for construction (see A/47/763, paras. 21 and 28).

25. The Committee is concerned at the high costs relating to periodic (six-month) rotation of civilian and military components, particularly in very large operations which are well established. The Committee therefore reiterates

its recommendation that the Secretary-General review all entitlements, allowances and duration of duty of military and civilian personnel serving in peace-keeping operations and report on the results to the General Assembly in accordance with resolution 45/258, with a view to containing the substantial costs of large operations (see A/46/893, para. 13; A/46/945, para. 23; A/47/763, para. 44).

26. The Committee believes that there is a need to address the Organization's role in the provision of services to the troops, which include miscellaneous services and contractual services (laundering, tailoring, haircutting, shoe repair, security services, garbage removal and other services), at the expense of the Organization. In the Committee's opinion, the time has come for the Organization to review its role concerning such services. The Committee also notes the differentiated treatment of death and disability benefits based on national practice and recommends a more detailed consideration of this practice. The Committee also recommends that the Secretary-General indicate clearly the compensation for death, injury, disability or illness resulting from service with peace-keeping operations. The rationale underlying the provision of such reimbursement to Governments should also be clearly explained.

27. As regards pension benefits, the Committee recalls that under the current Regulations and Rules of the United Nations Joint Staff Pension Fund, any full-time staff member who completes six months of service without an interruption of more than 30 days becomes a participant in the Fund "provided that participation is not expressly excluded by the terms of his appointment" (art. 21). The Committee questions the application of a system designed for long-term staff members to locally recruited staff of short-term peace-keeping operations and recalls that it will cause an avoidable increase in the costs of an operation, without benefiting the staff, and impose an enormous administrative burden on the Fund. The Committee therefore requests the Secretary-General to comment on any issues raised by its recommendation in the context of UNTAC that such staff should be excluded from participation in the Fund (see A/46/916, para. 33). At the same time, the Committee stresses the need to develop alternative arrangements to ensure death and disability cover for all personnel employed in peace-keeping operations.

28. The Committee recalls that there are considerable delays in the submission of information from Governments concerning the inventory and value of contingent-owned equipment, resulting in late reimbursement to troop contributors. In this connection, the Committee was informed that the United Nations does not have the capability to value such equipment and needs to obtain the expertise from Governments. In view of the foregoing, the Committee believes that there is a need to simplify the current procedures to expedite such reimbursement. The Committee further recalls that the schedule of reimbursement for contingent-owned equipment was established in March 1978 and needs to be reviewed (see A/46/893, para. 15). The Committee recommends that the matter be addressed in the report of the Secretary-General to the General Assembly at its forty-eighth session.

29. With regard to equipment which is being transferred from one operation to another, the Committee reiterates its view that it is not appropriate for Member States to be assessed twice for the same equipment even though the charge would be at depreciated rates and subsequently be shown as a credit to the operation

for which it was originally budgeted. The Committee therefore recommends that equipment which has already been charged to one operation should be budgeted but not assessed for the operation to which it is being transferred (see A/46/904, paras. 8 and 9; A/46/945, para. 27).

30. During the course of its reviews, the Committee raised a number of concerns with regard to procurement for peace-keeping operations. The Committee is of the view that the current procedures need to be examined and urgent measures taken to enhance cost-effectiveness and efficiency through better control, streamlining of the process and long-term planning. In the opinion of the Committee, this is an area which merits further study, particularly in the light of the observations of the Board of Auditors concerning the lack of adherence to certain regulations in respect of procurement.

31. In this connection, the Committee recalls the need to ensure the acquisition of equipment that is compatible with the need of the mission; the proposed procurement of communications, office and miscellaneous equipment should not have a more sophisticated standard than is required for the operation, taking into account the local environment (see A/45/1005, para. 18; A/46/893, para. 26; A/46/904, para. 24; A/46/945, para. 31). The Committee requests that the procedures for determining specifications of equipment be reviewed so that only equipment is purchased that would adequately meet the requirements to carry out the functions of the mission (see A/46/916, para. 62). Furthermore, any equipment available from other operations or from the supply depot should be utilized (see A/45/1011, para. 18).

32. The Committee has noted in a number of missions that the cost for air operations appeared to be high, taking into account the mandate of the missions, the size and infrastructure of the mission area, the vehicle establishment and the size of the military and civilian personnel. The Committee was also of the view that the hire charges for aircraft, fuel and related services were too high and that there was a potential for substantial savings (see A/46/904, para. 23; A/46/945, para. 29; A/47/763, para. 54). The Committee therefore reiterates its recommendation that air operations should be planned cost-effectively on the best prevailing market rates for suitable aircraft and services, based on the actual needs of the mission pursuant to the mandate. The Committee believes that the use of aircraft could be rationalized, including longer-term leases for the air fleet which would result in economies. Furthermore, the Force Commander of each mission should keep air operations under review with a view to making economies.

33. The Committee states again that the allocation of vehicles should be planned cost-effectively according to the actual needs of an operation with a view to making economies. Vehicles should not be assigned for the exclusive use of a staff member unless there are exceptional circumstances; moreover, group travel arrangements for civilian staff should be made whenever possible (see A/46/904, para. 22). The Committee believes that a breakdown of the planned allocation of vehicles in each unit compared to the number of staff assigned in the various areas of the mission would be useful.

34. The Committee notes that the cost of third-party vehicle insurance in peace-keeping operations is high and needs to be re-examined in view of the considerably lower world-wide standard cost of such insurance. The Committee

therefore reiterates its suggestion that the Organization should explore the possibility of starting its own self-insurance or seeking less expensive insurance facilities (see A/46/916, para. 58).

35. The Committee reiterates its view that public information activities for the promotion of peace-keeping operations outside the area of operation, which have not been specifically mandated by the Security Council, should be financed from the existing resources for public information of the regular programme budget of the United Nations (see A/45/1043, para. 15; A/46/904, paras. 25 and 26; A/46/916, para. 71; A/46/945, para. 32). The Committee recalls that the original programme budget for the biennium 1992-1993 provides, under section 31, $100.9 million for public information.

36. The Committee further observed that provision for funding of posts from the support account for peace-keeping operations on the basis of 8.5 per cent of the total cost of salaries, common staff costs and travel of the civilian staff in the mission area may not be fully required in operations with a large civilian establishment (see A/46/893, para. 28; A/46/916, para. 77). The Committee intends to review this ratio as well as the validity of an approach based on a ratio in the context of its consideration of the Secretary-General's proposals on the support account in his report to the General Assembly.

37. The Committee also discussed with the Secretariat the possibility of preparing a manual which would provide the standards underlying the costing of all peace-keeping operations and explain the process whereby an operation, once approved by the Security Council, is translated into human and other requirements. The Committee believes there is a need for standard guidelines for financial arrangements and a list of unit costs for standard equipment and services, including air operations, transportation and communications which should be issued on a regular basis; this would make the budget of peace-keeping operations more transparent and facilitate and improve the review by allowing concentration on deviation from standards. The manual would also explain the different types of equipment which are generic to most operations. In making this recommendation, the Committee recalls that in his report on the requirements for United Nations peace-keeping operations (A/45/217), the Secretary-General discussed those requirements in general, in terms of military personnel and the material and technical resources and services required for such personnel. The Committee emphasizes that the manual which it envisages should not duplicate that report but rather provide more technical details.

38. While the Committee acknowledges the need for some flexibility in the administration of peace-keeping operations to cover unforeseen requirements, the Committee believes that in view of the frequent and large savings or overexpenditures and transfers of funds between different items, as reflected in the performance reports, there is a need for greater budgetary discipline and control in carrying out such missions. The Committee recommends that the internal audit function in peace-keeping operations should be substantially strengthened both in the mission area and at Headquarters. The timely submission of reports to the Advisory Committee and the General Assembly and the procedure for requesting commitment authority also need to be addressed.

39. The Committee believes that there is also a lack of general guidelines, principles and procedures governing the disposition of assets after a

peace-keeping operation has been liquidated. The Committee therefore requests the Secretary-General to prepare proposals for consideration by the General Assembly, which should take into account the liquidation experience in recent peace-keeping operations which have been terminated, such as the United Nations Transition Assistance Group and the United Nations Iran-Iraq Military Observer Group.

40. In view of what has been stated in the preceding paragraphs, and the lack of a clear response thus far on a number of the Committee's observations and recommendations that have been reiterated above, the Committee recommends that the Secretary-General submit a comprehensive report to the General Assembly on all issues which affect the successful operation and administration of peace-keeping operations, including what action he has taken on the Committee's observations and recommendations, and proposals to enhance the cost-effectiveness and efficiency of peace-keeping operations. In this connection, the Committee recalls that, in section III of its resolution 47/218 of 23 December 1992, the General Assembly reiterated its request, contained in its resolution 45/258, that the Secretary-General submit a report on a review of the present practices and approaches regarding the calculation of expenditures incurred by the United Nations in the conduct of peace-keeping operations, including the financial arrangements of the Organization with Governments in this respect. In the opinion of the Committee, that report could be incorporated into the above-mentioned comprehensive report.

41. The Committee also recommends that the Secretary-General submit his recommendations regarding the non-payment or late payment of contributions to peace-keeping operations. Although the General Assembly, in section III of its resolution 47/218, reiterated its call upon all Member States to pay their assessed contributions in full and on time, as at 31 May 1993, a total of $1,283,125,797 remained uncollected in respect of the peace-keeping operations listed in document ST/ADM/SER.B/411; this demonstrates the seriousness of the situation which, in the Committee's opinion, jeopardizes the viability of such operations.

42. The Committee has noted in the recent reports of the Secretary-General a general tendency to propose the establishment of a "special financial period" of 12 months to assist with the orderly administration of the financing of peace-keeping operations. This approach may be particularly suited to operations which have a stable pattern. Such an approach would not conflict with the separate arrangements for defining the mandate period and would not lead to annual assessments since Member States can only be assessed for the period of an existing mandate. The Committee is of the view that 12-month financial periods and standardization of performance periods could simplify the task of the budgetary organs by providing for a full annual review of the financial performance and cost projections for a period realistic in financial management terms. Subsequent assessments could then be based on a simpler form of report containing only relevant variations from the major report. The Committee requests the Secretary-General to consider all the implications of this approach and the modalities for its application to consideration of peace-keeping operations by the Advisory Committee and the General Assembly, with a view to making recommendations on this matter as soon as possible.

ANNEX

Reports of the Advisory Committee on Administrative and Budgetary Questions cited in the present report

Document number	Subject
A/45/801	Administrative and budgetary aspects of the financing of United Nations peace-keeping operations
A/45/1005	UNIKOM
A/45/1011	United Nations Mission for the Referendum in Western Sahara (MINURSO)
A/45/1021	ONUSAL
A/45/1043	United Nations Angola Verification Mission (UNAVEM)
A/46/773	United Nations Disengagement Force (UNDOF) and United Nations Interim Force in Lebanon (UNIFIL)
A/46/893	UNPROFOR
A/46/904	ONUSAL
A/46/916	UNTAC
A/46/945	UNAVEM II
A/47/763	UNTAC
A/47/900	ONUSAL
A/47/982	UNTAC
A/47/983	ONUSAL
A/47/984	UNOSOM
A/47/985	ONUMOZ
A/47/986	UNPROFOR
A/47/987	UNIKOM